

Financial Services Subcommittee on Housing and Community Opportunity
Hearing “Homeowner Downpayment Assistance Programs and Related Issues”
Opening Statement of Congresswoman Julia Carson
June 22, 2007

Thank you Chairwoman Waters and Ranking Member Biggert for holding this important hearing today concerning HUD’s recent rule on downpayment assistance.

I would like to welcome Mr. Todd Richardson, a witness today, who is a Vice President of C.P. Morgan, a reputable building company from my home state of Indiana. This company has partnered with a non-profit to enable 4,900 buyers to purchase a home in Indiana using downpayment assistance.

I know Mr. Richardson remains committed to serving the low-to-moderate income individuals as they seek home ownership; but I also know he shares in my concern over the alarming rates of mortgage foreclosures, especially in our state.

Indiana ranked sixth in the nation for foreclosures per household; and in my district of Indianapolis, there was one foreclosure event for every twenty three households last year according to the Joint Economic Committee’s April 11th report.

It is imperative that buyers enter into mortgage arrangements responsibly and with realistic knowledge of their ability to repay. Further, the price of homes purchased using downpayment assistance must reflect a fair appraisal. There should not be any practice of artificially inflating the price of these homes in way that benefits the seller and the nonprofit, yet is detrimental to the buyer in this arrangement.

The HUD Inspector General findings on the increased incidence of foreclosure among homes that were purchased using down payment assistance do raise some points of concern. That being said, it is important that low to moderate income individuals maintain access to home ownership. So I welcome the opportunity to examine these issues in this hearing today and I look forward to the testimony of all of the witnesses as we examine this important issue.

Thank you.